

**COMMUNITY SERVICES AGENCY
OF MOUNTAIN VIEW, LOS ALTOS,
AND LOS ALTOS HILLS, INC.**

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
COMMUNITY SERVICES AGENCY
OF MOUNTAIN VIEW, LOS ALTOS AND LOS ALTOS HILLS, INC.

We have audited the accompanying financial statements of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2018 on our consideration of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'s internal control over financial reporting and compliance.

Young, Craig & Co., LLP



Raymond H. Skitt, CPA
Partner

October 25, 2018

Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 535,875	\$ 556,923
Receivables net of allowance for doubtful accounts	763,715	963,122
Inventory	192,976	167,605
Prepaid expenses	29,441	60,568
Investments	2,691,347	2,457,089
Deposits	6,581	1,798
TOTAL CURRENT ASSETS	4,219,935	4,207,105
NON-CURRENT ASSETS:		
Long Term Investments	2,518,011	-
TOTAL NON-CURRENT ASSETS	2,518,011	-
PROPERTY AND EQUIPMENT, net	448,961	405,105
TOTAL ASSETS	\$ 7,186,907	\$ 4,612,210
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 64,356	\$ 40,513
Accrued expenses	34,187	29,560
Accrued compensated absences	83,607	75,065
Deferred revenue	155,822	86,292
TOTAL CURRENT LIABILITIES	337,972	231,430
NET ASSETS:		
Without donor restrictions		
General	3,636,501	3,564,152
Board-designated	550,000	50,000
	4,186,501	3,614,152
With donor restrictions		
Emergency Assistance	307,809	305,839
Senior Case Management	2,261,488	267,394
Holiday Sharing	48,605	83,395
Food and Nutrition program	44,532	110,000
Total net assets with donor restrictions	2,662,434	766,628
TOTAL NET ASSETS	6,848,935	4,380,780
TOTAL LIABILITIES AND NET ASSETS	\$ 7,186,907	\$ 4,612,210

Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statement of Activities
For the Years Ended June 30, 2018 and 2017

	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and gains:						
Contributions	\$ 1,273,660	\$ 461,266	\$ 1,734,926	\$ 1,574,329	\$ 687,712	\$ 2,262,041
Bequests	500,000	2,000,000	2,500,000	-	-	-
Contributions-United Way	46,000	-	46,000	80,000	-	80,000
Contributions-in-kind	1,586,713	-	1,586,713	1,494,097	-	1,494,097
Government grants	652,775	-	652,775	664,396	-	664,396
Other grants	112,326	-	112,326	-	-	-
Special events, net of expenses of \$6,262	(892)	-	(892)	1,413	-	1,413
Interest and dividends	32,502	16,652	49,154	52,305	-	52,305
Investment gains	220,042	1,357	221,399	239,418	-	239,418
Other income	24,090	-	24,090	24,399	-	24,399
Assets released from restrictions:						
Emergency Assistance	194,497	(194,497)	-	227,163	(227,163)	-
Senior Case Management	223,916	(223,916)	-	116,893	(116,893)	-
Food and Nutrition Program	65,468	(65,468)	-	-	-	-
Holiday Sharing	99,588	(99,588)	-	226,507	(226,507)	-
Total revenues and gains	\$ 5,030,685	\$ 1,895,806	\$ 6,926,491	\$ 4,700,920	\$ 117,149	\$ 4,818,069

Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statement of Activities
For the Years Ended June 30, 2018 and 2017
(continued)

	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses:						
Program Services:						
Emergency Assistance	\$ 2,250,676	\$ -	\$ 2,250,676	\$ 2,218,795	\$ -	\$ 2,218,795
Senior Nutrition	508,514	-	508,514	498,526	-	498,526
Senior Case Management	581,555	-	581,555	466,171	-	466,171
Alpha Omega	255,129	-	255,129	167,644	-	167,644
Total Program Services	3,595,874	-	3,595,874	3,351,136	-	3,351,136
Supporting Services:						
Management and general	544,626	-	544,626	525,581	-	525,581
Fundraising	317,836	-	317,836	269,450	-	269,450
Total Supporting Services	862,462	-	862,462	795,031	-	795,031
Total expenses	4,458,336	-	4,458,336	4,146,167	-	4,146,167
CHANGE IN NET ASSETS	572,349	1,895,806	2,468,155	554,753	117,149	671,902
NET ASSETS, beginning of year	3,614,152	766,628	4,380,780	3,059,399	649,479	3,708,878
NET ASSETS, end of year	\$ 4,186,501	\$ 2,662,434	\$ 6,848,935	\$ 3,614,152	\$ 766,628	\$ 4,380,780

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018**

	PROGRAM SERVICES					SUPPORTING SERVICES			Total Expenses
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 399,736	\$ 149,922	\$ 402,249	\$ 132,717	\$ 1,084,624	\$ 284,219	\$ 168,176	\$ 452,395	\$ 1,537,019
Benefits	60,196	51,931	49,696	24,833	186,656	103,842	61,476	165,318	351,974
Payroll taxes	32,537	12,063	32,329	10,762	87,691	18,133	13,231	31,364	119,055
Total salaries and related expenses	492,469	213,916	484,274	168,312	1,358,971	406,194	242,883	649,077	2,008,048
Specific assistance	1,573,885	93,422	13,415	44,941	1,725,663	-	-	-	1,725,663
Occupancy	30,567	170,408	23,444	7,137	231,556	14,529	6,986	21,515	253,071
Professional fees	68,403	3,858	11,867	19,302	103,430	51,153	19,167	70,320	173,750
Other	7,162	5,103	5,997	1,460	19,722	25,858	12,408	38,266	57,988
Equipment rental and repairs	17,999	3,085	5,295	1,642	28,021	3,029	1,565	4,594	32,615
Small equipment	13,003	1,407	933	660	16,003	1,538	625	2,163	18,166
Telephone	5,941	3,881	5,901	1,948	17,671	2,663	1,736	4,399	22,070
Supplies	6,164	3,086	3,241	967	13,458	3,087	1,337	4,424	17,882
Printing and publications	6,205	285	849	569	7,908	2,020	9,141	11,161	19,069
Investment management fees	-	-	-	-	-	17,540	-	17,540	17,540
Vehicle	4,671	45	6,545	2,043	13,304	259	-	259	13,563
Special events	-	-	-	-	-	-	14,704	14,704	14,704
Payroll processing fees	2,247	962	1,747	532	5,488	1,007	521	1,528	7,016
Conferences and training	928	45	1,578	642	3,193	6,326	887	7,213	10,406
Postage	989	432	887	231	2,539	437	1,233	1,670	4,209
Total expenses before depreciation	2,230,633	499,935	565,973	250,386	3,546,927	535,640	313,193	848,833	4,395,760
Depreciation	20,043	8,579	15,582	4,743	48,947	8,986	4,643	13,629	62,576
TOTAL EXPENSES	\$ 2,250,676	\$ 508,514	\$ 581,555	\$ 255,129	\$ 3,595,874	\$ 544,626	\$ 317,836	\$ 862,462	\$ 4,458,336
Percent of total expenses	50.5%	11.4%	13.0%	5.7%	80.7%	12.2%	7.1%	19.3%	100.0%

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2017**

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Total	Management and General	Fundraising	Total	Total Expenses
Salaries and wages	\$ 340,031	\$ 146,090	\$ 299,212	\$ 88,438	\$ 873,771	\$ 226,512	\$ 134,106	\$ 360,618	\$ 1,234,389
Benefits	56,726	52,738	48,153	13,734	171,351	96,441	32,229	128,670	300,021
Payroll taxes	25,505	10,895	22,650	6,670	65,720	21,803	10,166	31,969	97,689
Total salaries and related expenses	422,262	209,723	370,015	108,842	1,110,842	344,756	176,501	521,257	1,632,099
Specific assistance	1,618,661	84,106	17,441	30,475	1,750,683	-	-	-	1,750,683
Occupancy	28,216	173,780	21,911	9,002	232,909	13,220	8,044	21,264	254,173
Professional fees	87,317	4,478	12,908	4,213	108,916	27,480	43,966	71,446	180,362
Other	6,763	3,442	4,933	1,609	16,747	38,277	10,517	48,794	65,541
Charitable donations	-	-	-	-	-	58,199	-	58,199	58,199
Equipment rental and repairs	10,984	3,484	4,760	1,998	21,226	2,828	1,721	4,549	25,775
Small equipment	7,618	1,114	4,097	802	13,631	4,740	1,967	6,707	20,338
Telephone	4,743	3,510	4,960	1,491	14,704	2,189	1,333	3,522	18,226
Supplies	4,493	3,485	3,362	1,474	12,814	3,434	1,443	4,877	17,691
Printing and publications	6,084	225	691	429	7,429	1,634	7,846	9,480	16,909
Investment management fees	-	-	-	-	-	16,427	-	16,427	16,427
Vehicle	4,658	325	5,314	1,080	11,377	226	-	226	11,603
Special events	-	-	-	-	-	-	7,902	7,902	7,902
Payroll processing fees	1,621	1,162	1,564	643	4,990	957	574	1,531	6,521
Conferences and training	1,505	-	1,043	227	2,775	3,346	97	3,443	6,218
Postage	904	400	666	221	2,191	325	2,947	3,272	5,463
Total expenses before depreciation	2,205,829	489,234	453,665	162,506	3,311,234	518,038	264,858	782,896	4,094,130
Depreciation	12,966	9,292	12,506	5,138	39,902	7,543	4,592	12,135	52,037
TOTAL EXPENSES	\$ 2,218,795	\$ 498,526	\$ 466,171	\$ 167,644	\$ 3,351,136	\$ 525,581	\$ 269,450	\$ 795,031	\$ 4,146,167
Percent of total expenses	53.5%	12.0%	11.2%	4.0%	80.8%	12.7%	6.5%	19.2%	100.0%

Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets:	\$ 2,468,155	\$ 671,902
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	62,576	52,037
Net unrealized and realized gain on investments	(234,257)	(222,991)
Contributions not available for use	(18,011)	-
In-kind donations of property and equipment	(38,650)	-
(Increase) decrease in assets:		
Receivables net of allowance for doubtful accounts	199,407	(455,987)
Inventory	(25,371)	128,125
Prepaid expenses	31,127	(18,179)
Deposits	(4,783)	(1,000)
Increase (decrease) in liabilities:		
Accounts payable	23,843	15,474
Accrued expenses	4,627	8,032
Accrued compensated absences	8,542	(10,883)
Deferred revenue	69,530	(56,970)
NET CASH PROVIDED IN OPERATING ACTIVITIES	2,546,735	109,560
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(67,783)	(12,049)
Purchases of investments	(2,500,000)	(51,538)
NET CASH (USED) IN INVESTING ACTIVITIES	(2,567,783)	(63,587)
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	(21,048)	45,973
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	556,923	510,950
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 535,875	\$ 556,923
SUPPLEMENTAL INFORMATION OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
In-kind donation of property and equipment	\$ 38,650	\$ -

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017**

NOTE A - NATURE OF OPERATIONS

Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. ("CSA" or "the Agency") is a California nonprofit public benefit corporation which has provided a variety of vital services to the residents of Mountain View, Los Altos, and Los Altos Hills since 1957. CSA solicits donations from a network of sources, including local businesses and grocers, foundations, churches, individuals, and government agencies. CSA provides the following four major programs:

1. *Emergency Assistance* - CSA's Emergency Assistance program offers food, access to medical care, and financial support to families and individuals in crisis in order to provide immediate needs. CSA provides this assistance with its own Food and Nutrition Center, through in-kind donations of school supplies, gift cards for shoes, and holiday toys, and with the help of partnering medical care providers in the local community.
2. *Senior Nutrition* - CSA provides subsidized hot lunches to individuals over age 60 at a local senior center, and provides education and classes promoting nutrition and a healthy lifestyle.
3. *Senior Case Management* - CSA's caseworkers are trained in geriatric care to assist low-income seniors with access to medical and mental health care, counseling, in-home needs assessments and community resource referrals.
4. *Alpha Omega* - CSA partners with other county service providers to reach and assist homeless individuals and families, with the goal of helping to meet immediate needs and to assist in transition to permanent housing.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles. Those principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure to contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

(b) Financial statement presentation - On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. CSA has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of CSA's financial statements:

The temporarily restricted net asset class has been renamed net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a new disclosure about liquidity and availability of resources (Note M)

Without donor restrictions: Net assets that are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. Some governing boards may delegate designation decisions to internal management. Such designations are considered to be included in board-designated net assets.

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Financial statement presentation, continued

With donor restrictions: A donor stipulation (donors include other types of contributors, including makers of certain grants) that specifies a use for a contributed asset that is more specific than broad limits resulting from the following:

- a. The nature of the not-for-profit entity (NFP)
- b. The environment in which it operates
- c. The purposes specified in its articles of incorporation or bylaws or comparable documents for an unincorporated association

Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resource and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

(c) Net Asset Presentation - Contributions received are recoded with donor restriction and without donor restriction. If a restriction expires in the same accounting period as the contribution is received, the revenue is shown as unrestricted. Unconditional promises to give are recognized as revenue at the time the promise is made by the donor; conditional promises to give are disclosed but not recognized as revenue until the conditions are met.

(d) Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

(e) Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates. Significant estimates include the valuation of the CSA's investments, in-kind contributions and the determination of functional expense allocations.

(f) Fair value measurements – The estimated fair values of CSA's short-term financial instruments, including cash, receivables, prepaid expenses, accounts payable and accrued expenses arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their originating and expected realization.

(g) Investments - CSA records all investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Absent donor stipulations on earnings from donor restricted net assets, investment income is allocated to unrestricted net assets. Unrealized gains or losses are included in the change of net assets.

(h) Inventory - Inventory consists primarily of: 1) donated food to be used for food and nutrition program, which is recorded at estimated fair value; 2) food product purchased for use in CSA's food and nutrition program and valued at the lower cost or market; and 3) donated toys which have been valued based on a cost study at local stores conducted by CSA staff.

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Acquisitions of property and equipment in excess of \$5,000 are capitalized and depreciated using the straight-line method over their useful lives from 3 to 30 years. Property and equipment are carried at cost, or, if donated, at approximate fair value at the date of donation. Expenditures representing general maintenance and repairs are expensed in the year incurred.

(j) Cash and Cash Equivalents - CSA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(k) Fundraising and Joint Costs - Fundraising activities are performed primarily by CSA employees and volunteers. Fundraisings events that are major and/or ongoing are reported at gross proceeds and related expenses. When certain requirements are met, joint costs incurred in fundraising activities are allocated between program and support services in the statements of functional expenses.

(l) Allocation of Functional Expenses - The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management's estimate of indirect salary expense allocation is based on individual employees' estimated time spent by program and supporting services.

(m) Contributions - Contributions are recognized when the donor makes a pledge to give, such as an unconditional promise. Contributions are recorded as either with or without donor restriction depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of temporarily restricted net assets to unrestricted net assets. Restricted contributions whose restrictions are met in the same reporting period are shown as donor restricted.

(n) Receivables -Receivables for amounts due from contributions, grants and program fees are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

(o) Deferred revenue -The balance in this account consists of amounts collected from a government grant in advance for rental assistance.

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(p) Fair Value of Investments - CSA has adopted Financial Accounting Standards for Fair Value Measurements for financial statements. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the assets or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the asset or liability; and
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other observable inputs.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

CSA's investments and the corresponding levels of input are described in Note D.

(q) Income Taxes - Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. is exempt from income taxes under Section 501(c) (3) and Section 23701 (d) of the Internal Revenue Code and California Revenue and Taxation Code, respectively. Accordingly, no provision for federal income tax or California franchise tax has been made. CSA has been classified as a publicly support charitable organization, which is not a private foundation under IRS code Section 509(a).

CSA has adopted the provisions of Accounting for Uncertainty in Income Taxes. Management believes that it does not have any uncertain tax positions that impact its financial position, results of operation or change in net assets. CSA, which is subject to taxation in the United States and California jurisdictions, has incurred no interest or penalties related to its tax positions. CSA's 2014 through 2016 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes, and 2013 through 2016 tax years remain subject to examination by state tax authority.

(r) Subsequent Events - CSA's management has evaluated subsequent events and transactions through October 25, 2018, the date at which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017**

NOTE C - RECEIVABLES

CSA considers all receivables to be collectible; therefore, no allowance for uncollectible receivables has been recorded. Receivables consist of the following amounts on June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Grant contract receivables	\$ 176,993	\$ 132,804
Other program receivables	<u>586,722</u>	<u>830,318</u>
	<u>\$ 763,715</u>	<u>\$ 963,122</u>

NOTE D - INVESTMENTS

Investments carried as Current Assets represent funds that are available for current use without restriction as to time of use by either the action of the Board of Directors or by the donors. Long-Term Investments represent donor restricted and board designated funds for use in programs planned to extend more than one year.

A summary of our investments on June 30, 2018 and 2017 are as follows:

	<u>2018</u>			
	<u>Estimated FMV</u>	<u>Current Assets</u>	<u>Long-Term Assets</u>	<u>% of Portfolio</u>
Money Market funds	\$ 1,075,329	\$ 2,745	\$ 1,072,584	21%
Equity Mutual Funds	1,949,403	1,547,253	402,150	37%
Bonds Funds	1,473,066	1,088,145	384,921	28%
Equity Exchange Traded Products	53,204	53,204	-	1%
Other - Certificate of Deposits	<u>658,356</u>	<u>-</u>	<u>658,356</u>	<u>13%</u>
	<u>\$ 5,209,358</u>	<u>\$ 2,691,347</u>	<u>\$ 2,518,011</u>	<u>100%</u>

	<u>2017</u>			
	<u>Estimated FMV</u>	<u>Current Assets</u>	<u>Long-Term Assets</u>	<u>% of Portfolio</u>
Money Market funds	\$ 19,495	\$ 19,495	\$ -	1%
Equity Mutual Funds	1,753,010	1,753,010	-	71%
Bonds Funds	<u>684,585</u>	<u>684,585</u>	<u>-</u>	<u>28%</u>
	<u>\$ 2,457,089</u>	<u>\$ 2,457,089</u>	<u>\$ -</u>	<u>100%</u>

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017**

NOTE D - INVESTMENTS, continued

All of CSA's investments are measured at Level 1, as described in Note B (p). Investment returns are as follows for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 49,154	\$ 51,538
Net realized and unrealized gains	221,399	239,418
Investment management fees	<u>(17,540)</u>	<u>(16,427)</u>
	<u>\$ 253,013</u>	<u>\$ 274,529</u>

NOTE E - PROPERTY AND EQUIPMENT

Property, equipment and accumulated depreciation are compromised of the following on June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 1,277,165	\$ 1,233,540
Furniture and equipment	178,312	178,312
Vehicles	<u>114,520</u>	<u>51,712</u>
	1,569,997	1,463,564
Less accumulated depreciation	<u>1,201,036</u>	<u>1,138,459</u>
	368,961	325,105
Land	<u>80,000</u>	<u>80,000</u>
	<u>\$ 448,961</u>	<u>\$ 405,105</u>

NOTE F - DONATED SERVICES, MATERIALS AND FACILITIES

In-kind contributions include donated food, toys and holiday gift items, and contributed rent at a local community senior center. The estimated fair market value of these in-kind contributions are included in the statements of activities contribution in-kind and functional expenses as specific assistance and occupancy, respectively. In-kind contributions by program for the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Donated food, toys and holiday gift items	\$ 1,548,063	\$ 1,336,597
Contributed rent	157,500	157,500
Donated property and equipment	<u>38,650</u>	<u>-</u>
	<u>\$ 1,744,213</u>	<u>\$ 1,494,097</u>

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017**

NOTE F - DONATED SERVICES, MATERIALS AND FACILITIES, continued

CSA also received approximately 14,111 and 10,821 hours of donated services from unpaid volunteers assisting in various program, administrative and fundraising activities for the years ended June 30, 2018 and 2017, respectively. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort have not been met. Volunteer hours by program or function are described below for the years ended June 30, 2018 and 2017:

	2018	2017
Emergency Assistance	8,030	6,340
Senior Nutrition	1,956	2,129
Senior Case Management	1,563	390
Management and General	2,562	1,962
	14,111	10,821

NOTE G - RETIREMENT PLAN

CSA maintains a defined contribution, non-participatory retirement plan for the benefit of its eligible employees, administered by a third party fiduciary. Participants fully vest upon the earlier of three years of employment, attainment of age 55, permanent disability or death. The retirement plan operates on a calendar year basis, whereas CSA operated on a June fiscal year. CSA made the required 7% employer contribution of \$48,541 and \$55,634 for the years ended June 30, 2018 and 2017, respectively.

NOTE H - CONCENTRATION OF CREDIT RISK FOR CASH DEPOSITS AT BANKS

CSA's bank accounts at certain financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The cash accounts at a brokerage firm are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the securities are insured by the SIPC up to \$500,000. At June 30, 2018, CSA had approximately \$101,000 in excess of FDIC limits. CSA places its cash and cash equivalents in quality financial institutions and believes no significant credit risk exists with respect to these accounts.

NOTE I - BEQUESTS

CSA received two bequests of \$2 million and \$500,000 during the June 30, 2018 fiscal year. The \$2,500,000 are currently in investment funds using the investment policy set forth by the Board. The \$2 million bequest has been split into two \$1 million pools and designated as follows; 1) Earnings from one pool will be used to pay for senior services staffing and, 2) the second pool will be committed to provide up to \$50,000 per year for direct housing assistance. Both pools are to operate for a minimum of 20 years. While the \$500,000 is not donor restricted, the Board has indicated a desire to designate its use in support of Homeless Services programs.

Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017

NOTE J - CASH LIQUIDITY

As part of the ASU 2016-14, there is a requirement to disclose the liquidity management of the organization. It has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Long-term investments include funds consisting of donor-restricted funds and a board restricted. Income from donor-restricted funds is restricted for specific purposes and, therefore, is not available for general expenditure. The board restricted fund could be made available in its entirety if needed. No appropriations from donor-restricted funds have been made available for operations as of June 30, 2018. There are certain limitations on availability of long-term investment funds totaling approximately \$2,518,011 at June 30, 2018 which are subject to certain lockup restrictions.

Certificates of deposit of approximately \$658,356 are included in long-term investments above.

Short-term contributions receivable consists of unconditional promises to give expected to be received within one year from June 30, 2018. Unrestricted short-term contributions receivable will be available to support general operations of the Organization.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2018 to fund general expenditures and other obligations as they become due:

Financial Assets	
Cash and cash equivalents	\$ 535,875
Receivables	763,715
Short-term investments	2,691,347
Long-term investments	1,859,655
Certificates of deposit	658,356
Total Financial Assets	6,508,948
Less: amounts unavailable for general expenditure within one year:	
Donor-imposed restrictions	
Receivables	(605,291)
Long-term investments	(1,966,535)
Board - designations	
Board-designated investments	(551,476)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,385,646

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2018 and 2017**

NOTE K - GOVERNMENT GRANTS

The schedule below describes the government grants that CSA expended for each program for the years ended June 30, 2018 and 2017. Federal grants include programs for which federal funds are passed through to CSA from another agency. State and local government grants are funded by state or local government general funds, with no federal funds passed through.

Federal Grants	2018	2017
U.S. Department of Health and Human Services		
<i>Older Americans Act:</i>		
Council on Aging Silicon Valley	\$ 23,750	\$ 25,000
U.S. Department of Housing and Urban Development		
<i>Community Development Block Grant (CDBG):</i>		
City of Mountain View:		
<i>Alpha Omega Program</i>	5,000	10,474
<i>Emergency Assistance Program</i>	20,421	24,019
<i>Senior Services Program</i>	27,461	18,821
Total Federal Grants	76,632	78,314
State and Local Government Grants		
County of Santa Clara		
<i>Integrated Senior Case Management</i>	47,450	48,856
<i>Emergency Assistance Program</i>	220,897	192,808
<i>Senior Nutrition Services</i>	274,742	249,490
City of Mountain View		
<i>Senior Meals</i>	33,054	33,054
<i>Emergency Assistance Program</i>	-	61,874
Total State and Local Government Grants	576,143	586,082
Total Government Grants	\$ 652,775	\$ 664,396

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

October 25, 2018

To the Board of Directors
**COMMUNITY SERVICES AGENCY
OF MOUNTAIN VIEW, LOS ALTOS AND LOS ALTOS HILLS, INC.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Young, Craig & Co., LLP

A handwritten signature in black ink, appearing to read 'Ray H. Skitt', written over a circular stamp or seal.

Raymond H. Skitt, CPA
Partner